ECONOMICS AND DEVELOPMENT

Vijay S. Makhan. *Economic Recovery in Africa: The Paradox of Financial Flows*. New York: Palgrave, 2002. 261 pp. Tables. Figures. Appendixes. Notes. References. Index. $70.00. Cloth.

The poor state of African economies is well known, and the fact that they have been struggling for decades has been an issue that has been examined and analyzed by many scholars and organizations. Vijay Makhan has added his voice to this discussion from his past position as the assistant secretary general of the Organization of African Unity (OAU) and now the assistant secretary general of the African Union (AU). His argument is that Africa has lost the benefit of GDP growth in the last two decades of the twentieth century, and that this has resulted in high poverty rates and a decreasing role in both world trade and world production. But just as African nations have adopted reforms and restructured their economies, and just as the UN and others have made a commitment to substantially reduce poverty in Africa, the net financial flows to Africa of all kinds have decreased. He calls this a paradox, although he never explicitly states why. The reader is forced to assume that economic reasoning would indicate that financial flows should be forthcoming when they are not. But this is not really a paradox, since the reasons for the lack of financial flows are many and clear, and the author even lists and evaluates many of them himself.

Makhan examines the economic situation in the first part of *Economic Recovery* and then adds sixteen appendixes of documents (which take up more pages than the text), some of which he states are available here for the first time. His discussion is very aggregated and consistently treats Africa as a whole with only a few references to individual countries. However, the variations among the countries of Africa are great, and it is very difficult and often misleading to generalize about the entire continent. Nevertheless, Makhan examines in five chapters: (1) the historical performance of Africa from the 1960s to today; (2) the shift of financial flows—aid, investment, capital flight, and loans—away from Africa; (3) the new priorities of aid at the turn of the century; and (4) how aid is delivered. His final chapter concludes that there is inadequate international support for Africa and that Africa needs help to close its finance gap given its inability to raise enough funds domestically. He states repeatedly that positive financial flows are the most critical issue in Africa and that although a new window of opportunity has been opened in Africa, few have chosen to take advantage of it.

The collection of data and the analysis are fine, although aggregated, and the book is well written and clear. It appears that the idea for the book came from several speeches that Makhan delivered over the past decade and which are included as the last four of his appendixes. As a high ranking member of the OAU and the AU, he is an advocate for Africa and thinks that financial capital should flow to Africa in spite of the poor performance of previous aid over the past forty years, the huge corruption that has stolen billions of dollars of financial flows, and the instability and therefore high risk in so many countries (even apparently stable nations like the Côte d'Ivoire can suddenly collapse), which inhibits foreign direct investment and loans. Thus there is no paradox, since the lack of financial capital flows can be easily explained.

Finally, Makhan admits that "a return to increasingly sound macroeconomic fundamentals such as has been the experience of most African countries in the 1990s is necessary, but not sufficient, to achieve improved economic performance" (34). This is a key point because so many of the things that Makhan points to in his book are necessary conditions for financial flows to come to Africa but not sufficient conditions. Yet the sum of his argument is that they *are* sufficient, and therein lies the paradox for him.

This book is interesting, but does not break any new ground. While the appendixes substantiate the advocacy role of the OAU, they are repetitive of both the book and one another (four of them deal with debt reduction and debt forgiveness). Nevertheless, Makhan does a good job of explaining the economic problems of Africa, indicating some of the causes of these problems, and, perhaps most important, making public for the first time valuable OAU documents on the topic.

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Stuart Jones, ed. *The Decline of the South African Economy.* Williston, Vt.: Edward Elgar, 2002. In association with UNISA, University of South Africa. 238 pp. Notes. Tables. Index. $90.00. Cloth.

This book is a collection of essays on nine sectors of the South African economy from 1970 to 2000. Stuart Jones has done a marvelous job of editing the work and establishing a common theme. However, I have some concern about the time period chosen. The editor notes that "the reason for beginning this study in 1970 rather than in 1975, the date after which real per capita incomes declined, is that 1970 was the peak year of gold output" (4). While this may be true, one can think of earlier starting periods with much more significance. A more comprehensive examination of the causes of the decline of the South African economy would begin, therefore, with a brief survey of apartheid before 1970.

Almost all the chapters agree on certain fundamental causes for the decline of the South African economy. These may be summarized as follows: (1) the failure of policy-makers to curb population growth and the failure of the manufacturing sector to maintain its growth after 1970 despite improvements in the mining, finance, and transport sectors; (2)